December 5, 2013

<u>Via Federal Express</u>

Ms. Melissa D. Jurgens
Secretary
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: National Futures Association: Risk Disclosure Statement for Securities Futures Contracts - Proposed Amendments to NFA's Interpretive Notice Entitled *Compliance Rule 2-30(b): Risk Disclosure Statement for Securities Futures Contracts* *

Dear Ms. Jurgens:

Pursuant to Section 17(j) of the Commodity Exchange Act, as amended, National Futures Association ("NFA") hereby submits to the Commodity Futures Trading Commission ("CFTC" or "Commission") the proposed amendments to NFA's Interpretive Notice Entitled *Compliance Rule 2-30(b): Risk Disclosure Statement for Securities Futures Contracts*. NFA's Board of Directors ("Board") approved the proposal on November 21, 2013.

NFA is invoking the "ten-day" provision of Section 17(j) of the Commodity Exchange Act ("CEA") and will make these proposals effective ten days after receipt of this submission by the Commission unless the Commission notifies NFA that the Commission has determined to review the proposals for approval.

PROPOSED AMENDMENTS
(additions are <u>underscored</u> and deletions are ~~stricken through~~)

INTERPRETIVE NOTICES

NFA COMPLIANCE RULE 2-30(b): RISK DISCLOSURE STATEMENT FOR SECURITY FUTURES CONTRACTS

***

Section 5 – Settlement

***

5.2. Settlement by physical delivery

Settlement by physical delivery is carried out by clearing brokers or their agents with National Securities Clearing Corporation ("NSCC"), an SEC-regulated securities clearing agency. Such settlements are made in much the same way as they are for purchases and sales of the underlying security. Promptly after the last day of trading, the regulated exchange's clearing organization will report a purchase and sale of the underlying stock at the previous day's settlement price (also referred to as the "invoice price") to NSCC. In general, ~~If~~ if NSCC does not reject the transaction by a time specified in its rules, settlement is effected pursuant to the rules of the exchange and NSCC's Rules and Procedures within the normal clearance and settlement cycle for securities transactions, which currently is three business days. However, settlement may be effected on a shorter timeframe based on the rules of the exchange and subject to NSCC's Rules and Procedures.

If you hold a short position in a physically settled security futures contract to expiration, you will be required to make delivery of the underlying securities. If you already own the securities, you may tender them to your brokerage firm. If you do not own the securities, you will be obligated to purchase them. Some brokerage firms may not be able to purchase the securities for you. If your brokerage firm cannot purchase the underlying securities on your behalf to fulfill a settlement obligation, you will have to purchase the securities through a different firm.

EXPLANATION OF PROPOSED AMENDMENTS

NFA Compliance Rule 2-30(b) requires NFA Members and Associates who are registered as brokers or dealers under Section 15(b)(11) of the Securities

Exchange Act of 1934 to provide a disclosure statement for security futures products ("SFPs") to a customer at or before the time the Member approves the account to trade SFPs. The risk disclosure statement for SFPs is a uniform statement that was jointly developed in 2002 by NFA, the Financial Industry Regulatory Authority ("FINRA") and a number of securities and futures exchanges. Among other things, this statement describes the features of SFPs.

OneChicago, LLC recently contacted NFA to request that we amend the risk disclosure statement because it plans to offer a new product that has a different settlement process. Therefore, the amendment makes a minor change to the settlement section of the risk disclosure statement to reflect the new settlement process. In addition, FINRA intends to make the same modifications to its risk disclosure statement to cover its members.

As mentioned earlier, NFA is invoking the “ten-day” provision of Section 17(j) of the Commodity Exchange Act. NFA intends to make the proposed amendments to NFA's Interpretive Notice entitled *Compliance Rule 2-30(b): Risk Disclosure Statement for Securities Futures Contracts* effective ten days after receipt of this submission by the Commission, unless the Commission notifies NFA that the Commission has determined to review the proposal for approval.

Respectfully submitted,

Thomas W. Sexton
Senior Vice President and
General Counsel

* Went into effect on April 7, 2014.